

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6931

BILL NUMBER: HB 1527

NOTE PREPARED: Jan 15, 2011

BILL AMENDED:

SUBJECT: Transfer of township territory.

FIRST AUTHOR: Rep. Stevenson

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: Local

Summary of Legislation: This bill provides that the area included within the corporate boundaries of the town of Griffith is transferred on January 1, 2012, from Calumet Township to St. John Township.

The bill specifies that on January 1, 2012: (1) any real property of Calumet Township located within the corporate boundaries of the town of Griffith is transferred to and becomes the property of St. John Township; and (2) a proportionate share of the unencumbered balances of each fund of Calumet Township is transferred to St. John Township for deposit in the appropriate and corresponding fund of St. John Township.

The bill provides that the taxpayers within the area transferred from Calumet Township to St. John Township remain liable for a proportionate share of the outstanding indebtedness, as of December 31, 2011, of Calumet Township. It also requires the Department of Local Government Finance (DLGF) to adjust as necessary the budgets and property tax levies of St. John Township and Calumet Township to reflect the transfer of this area.

Effective Date: July 1, 2011.

Explanation of State Expenditures:

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues: In Lake County, the town of Griffith partly lies in both Calumet and St.

John Townships. 95 % of the town's net assessed value (AV) is located in Calumet Township while the remaining 5% is in St. John Township. This bill would move the township boundaries so that all of Griffith would be located in St. John Township on January 1, 2012.

For taxes payable in CY 2010, the net AV of the portion of Griffith located in Calumet Township was \$571.8 M. This amount is 19.7% of the total net AV in Calumet Township. The tax base in Calumet Township would be reduced by this amount and St. John Township's tax base would grow by this amount.

On January 1, 2012, under this bill, proportionate shares of Calumet Township's unencumbered cash balances and debt obligations would be transferred to St. John Township. Calumet Township had no debt service levy in 2010, indicating that it had no debt at that time. The DLGF would determine the amounts transferred. The DLGF would also adjust each township's budget and property tax levy to reflect the boundary shift.

The Calumet Township tax rate paid in CY 2010 by Griffith taxpayers located in that township was \$0.5096 per \$100 AV. The St. John Township tax rate paid in CY 2010 by Griffith taxpayers located in that township was \$0.0103 per \$100 AV. The portion of the CY 2010 Calumet Township levy charged in Griffith was \$2.8 M.

In CY 2010, if a proportionate amount of the Calumet Township levy, based on assessed value, was transferred to St. John Township, the Calumet Township tax rate for the affected funds would have been \$0.0066 higher, totaling \$0.5162 and the St. John Township tax rate would have been \$0.0602 higher at \$0.0705. These rates would apply to the affected funds for all taxpayers in these townships. The actual change in the tax rates would depend on the amount of tax levy transferred to St. John Township. \$2.3 M of the total \$2.8 M Calumet Township levy charged to Griffith taxpayers was attributable to the township assistance fund. It is assumed that the amount of this fund's levy transferred by the DLGF would be based on the remaining township assistance needs after the boundary change. This amount is not currently known.

Changes in the total tax rate for any taxpayer in the two townships could affect the amount of revenue lost to the circuit breaker caps. This would affect any taxing unit that provides services in Calumet and St. John Townships. The actual impact on taxing units ultimately depends on the final amount of property tax levy that would be transferred.

In addition, the portion of motor vehicle excise taxes that Calumet Township currently receives would be redistributed to St. John township and other taxing units that currently provide services in Griffith.

State Agencies Affected: Department of Local Government Finance.

Local Agencies Affected: Calumet and St. John Townships in Lake County; Other civil taxing units and school corporations in Lake County.

Information Sources: Local Government Database.

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